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TAGS: [ENRG](#) [EPET](#) [ECON](#) [EINV](#) [JO](#)
SUBJECT: Jordan Still Waiting for Iraqi Oil

REFS: A) Amman 3626
B) Amman 3557
C) Amman 1479

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¶1. (SBU) Jordan has been anticipating oil shipments from Iraq since August 2006, when an agreement was signed with the Iraqi government for Jordan to import an initial 8,000 barrels/day (approximately 1,370 tons/day) with an eventual target of 30,000 barrels/day. Reportedly the agreement set a special fixed price that was not to be published. Delays in implementing the agreement have been attributed mainly to security and technical difficulties, such as inefficient oil pumps and lack of compatibility of products with equipment at Jordan's refinery.

¶2. (U) A year later and following the visit to Jordan of Iraqi National Security Advisor Muwaffaq al-Ruba'i, the local daily Al-Ghad reported on August 25 that Jordan's Minister of Energy and Mineral Resources (MEMR) Khaled Shraideh claimed the Iraqi government had notified the GOJ that it was ready to export Iraqi oil to Jordan within days at quantities that would reach around 30,000 barrels of oil per day, meeting approximately 30 percent of the country's daily needs. Local papers also reported that six to fifteen platforms had been set up along the Jordan-Iraq border at Karamah/Trebil to receive Iraqi tankers run by the Iraqi-Jordanian Ground Transportation Company. Days later, GOJ officials began backing away from those statements, saying that the matter was going through "final touches," and transport of Iraqi oil would be announced once it begins.

¶3. (SBU) Director of Industrial Energy at MEMR Farouq Hiyari told Econoffs that there still had not been any sign of Iraqi oil as of September 13. Hiyari reported that after a visit to the Jordan-Iraq border, Hiyari received a call on September 9 from the Iraqi-Jordanian Ground Transportation Company indicating it would be able to load 50 trucks with approximately 1,000 tons of oil for delivery within days, but nothing had yet come to fruition. Hiyari could not identify the problem, speculating that perhaps it was political. He claimed that the GOJ had met every request by the Iraqi government over the past two months to make various changes to the agreement - e.g., loading of oil in Kirkuk instead of Saniyah - without any results.

¶4. (SBU) Hiyari also mentioned that under the agreement, the Jordanians would get the oil at fluctuating international prices. COMMENT: Such an arrangement was contrary to all other previous reports indicating that the oil would come at a subsidized fixed rate. END COMMENT. Given the high transport costs of about

\$100/ton, Hiyari said it was not an optimal deal, but there were political considerations and hopes of getting better terms in the future.

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